



February 11, 2009

The Honorable Harry Reid
Majority Leader
S-221 Capitol Building
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
361A Russell Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representative
H-232 Capitol Building
Washington, DC 20515

The Honorable John Boehner
Minority Leader
U.S. House of Representatives
1011 Longworth House Office Building
Washington, DC 20515

Dear Majority Leader Reid and Minority Leader McConnell, Speaker Pelosi and Minority Leader Boehner:

The Business Council for Sustainable Energy commends the House and Senate for taking swift action to enact H.R. 1, the American Reinvestment and Recovery Act. The Council supports the many important clean energy provisions that are contained in both the House legislation and the Senate legislation, such as the targeted borrowing authority to build new transmission lines to deliver power from renewable energy; bonus depreciation for renewables; the 3-year extension of the production tax credit; and the significant measures to increase energy efficiency.

As the Conference Committee drafts a conference report and works toward final passage of the legislation before the President's Day Recess, the Council offers the following suggestions to ensure that Congress incorporates the strongest possible clean energy provisions. In addition, the Council supports the views of our individual member companies and organizations, as well as other clean energy coalitions with which our members may be participating. Of note, as a diverse business Coalition not all Council members take a position on or endorse the following recommendations.

Ensure Adequate Funding for Clean Energy Deployment and Job Creation

Building Codes. Adopt language from the proposed Dorgan-Bennett amendment to the Senate bill which would fund the Building Energy Codes Program at \$100 million; this program promotes energy-efficient building codes, training and technical assistance to the states.

Waste Energy Recovery. Include the \$500 million provided in the House bill for the Waste Energy Recovery Incentive Grant Program, which provides incentive grants to the owners and operators of projects that produce either electricity or thermal energy through waste energy recovery.

Loan Guarantees for Renewables. Include the provision in the Senate bill providing temporary authorization for the Department of Energy to make federal loan guarantees up to \$9.5 billion for existing commercially available renewable technologies and transmission projects.

Energy Efficient Federal Buildings. Support the House funding level of \$6 billion to support increased efficiency in federal buildings. Also, ensure that funds are available to all federal agencies and add language in the appropriate areas of the bill where funding is proposed for energy efficiency in Federal buildings (House bill pages 62, 87 and 211) as follows: "priority should be given to projects that are comprehensive and leverage private sector funds." We also urge the Conferees to include the following language in the Conference Report: "*Comprehensive projects are those that utilize multiple energy conservation measures that are optimized as a package providing the highest level of efficiency and attainment of federal energy savings goals; additionally, in order to achieve maximum energy savings and job creation, the government is urged to use appropriated dollars in conjunction with private sector financing and to ensure funds are in compliance with Section 432 of the Energy Independence and Security Act of 2007 (USC 8253).*" The Council continues to recommend that some of the funding for Green Federal Buildings be targeted or transferred to

the Department of Energy's Federal Energy Management Program ("FEMP"), a program which is adept at executing comprehensive energy efficiency projects throughout the Federal government.

Energy Savings Performance Contract Ceiling. Adopt the proposed provision in the Dorgan-Bennett amendment to the Senate bill which would direct the Department of Energy to raise the contract ceiling on energy savings performance contracts entered into prior to December 1, 2008, in order to ensure that negotiated and fully approved contracts are implemented to provide immediate construction jobs related to Federal facilities.

Funding for Hydropower Resources. Support the House provision to increase funding for the Department of Energy Waterpower Program and support funding for the Corps of Engineers to upgrade and expand their hydropower facilities.

State Energy Program. Support the House-adopted levels for the State Energy Program at \$3.4 billion and the prioritization language for existing, state-approved programs.

Clean Energy Tax Credits

Manufacturing Tax Credit. Support the Senate provision authorizing a 30% tax credit for manufacturers who retool, expand, build, or reequip to produce for the renewable energy supply chain.

Investment Tax Credits for Renewables. Support the provision allowing renewable generators to redeem their 30% investment tax credit (ITC) for an equivalent cash grant from the Department of Energy. The Council supports the provisions allowing developers to elect between the production tax credit and the investment tax credit. Support the refundability provisions in the House bill, which would create a new grant program within the Department of Energy for clean energy developers not having sufficient tax liability in order to benefit from production and investment tax credits.

Clean Renewable Energy Bonds. Support the provision which expands funding for the clean renewable energy bonds (CREBs) program.

Residential Energy Efficiency Tax Credit. The Council proposes replacing language in the conference report to harmonize the scope of Qualified Energy Efficiency Improvements with that of Residential Energy Property Expenditures to confirm that both include the labor to install the energy efficiency improvements or upgrades. This will further help create and maintain thousands of green collar jobs dedicated to increasing the nation's energy efficiency and decreasing the nation's greenhouse gas emissions.

Smart Meters/Smart Grid. Support the Senate provision bill for accelerating depreciation for smart meters and smart grid to five years in order to lay the foundation for building out a smart grid.

Additional Provisions

Federal Long-term Power Purchase Agreements. Provisions should be included to allow the federal government to enter into 30-year power purchase agreements to secure long-term, below market electricity rates by placing renewable energy resources on federal lands. This provision is not included in either the House or Senate version of the legislation.

Renewable Biogas. Provisions should be included to allow all emerging renewable technologies, including renewable biogas, to qualify for the renewable tax credits. This provision is not included in either the House or Senate version of the legislation.

Green Jobs Training. Provisions should be strengthened to provide much needed green jobs training including retraining benefits for military veterans.

Conclusion

The Council believes the stimulus package is a critical down payment on long-term policies to move the nation towards a clean energy economy. We urge Congress to incorporate the Council's recommendations to ensure that the final legislation is as effective as possible in promoting clean energy and meeting the Obama Administration's objectives of creating new jobs, encouraging clean energy technology deployment, promoting energy security, and reducing greenhouse gas emissions.

If you have any questions about the Council's views, please feel free to contact me in the Council's offices.

Sincerely,



Lisa Jacobson
Executive Director

CC: Senator Daniel K. Inouye
Senator Max Baucus
Senator Harry Reid
Senator Thad Cochran
Senator Charles E. Grassley
Congressmen David Obey
Congressman Charles Rangel
Congressman Henry Waxman
Congressman George Miller
Congressman James Oberstar
Congressman Barney Frank
Congressman Bart Gordon
Congresswoman Nydia Velazquez
Congressman Edolphus Towns
Congressman John Spratt

The Business Council for Sustainable Energy is an industry coalition that includes businesses and trade associations representing a suite of currently available technology options for reducing emissions of greenhouse gases that contribute to global climate change. These technologies include: advanced batteries, biomass, biogas, fuel cells, geothermal, hydropower (including new waterpower resources such as ocean, tidal and instream hydrokinetic), solar, wind, and supply-side and demand-side energy efficiency.

For more information about the Council visit our website at www.bcse.org